

# *The Financial Stability Risk Data Framework:*

*Data challenges for entity and instrument identification,  
classification and relationships*

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**WELLS  
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# Disclaimer

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- *The content in this presentation represents only the views of the presenter, the Enterprise Data Management Council (EDMC) and the Object Management Group (OMG) and does not represent or imply acknowledged adoption by Wells Fargo Bank. Examples used within are used for illustrative purposes only and are not intended to reflect Wells Fargo policy or intellectual property.*

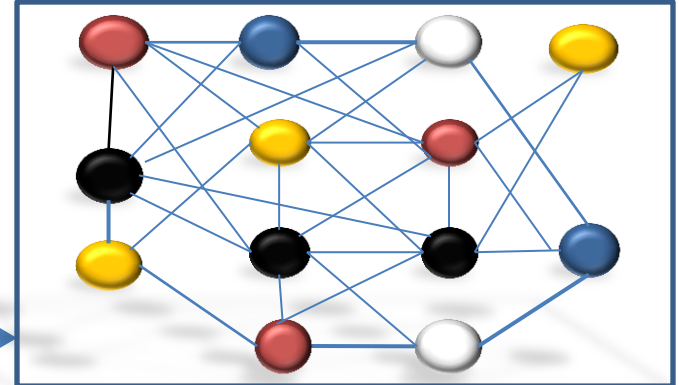
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***"We can't solve problems by using the same kind of thinking we used when we created them." —Albert Einstein***

# Data challenges for entity and instrument identification, classification and relationships



How can we evolve from a state of data *disorder* to data *order*?



Jackson Pollock "Convergence"

## Current State of Financial Data

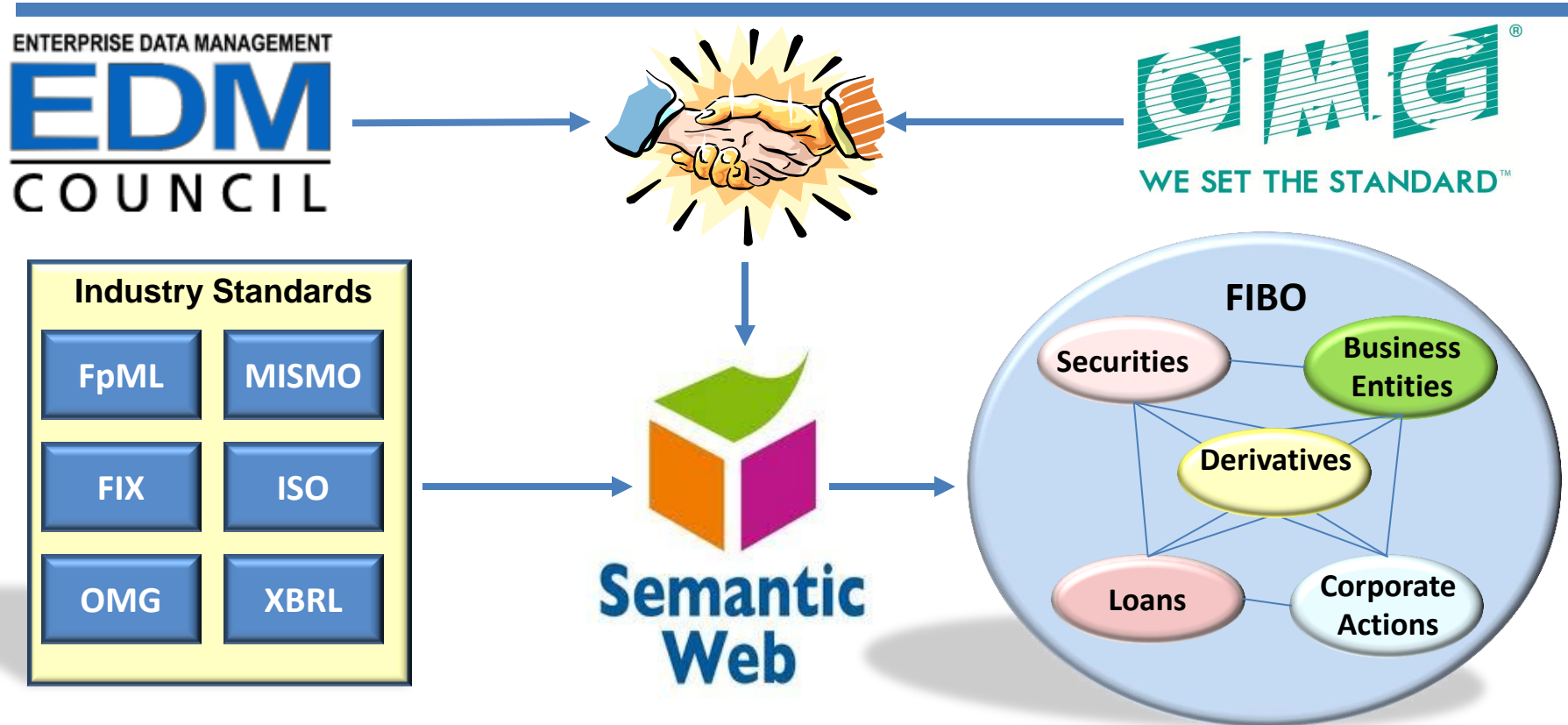
- ✓ Limited data standards
- ✓ Data rationalization problems
- ✓ Data incongruity and fragmentation
- ✓ Opaque data silos limits integration
- ✓ Cryptic codes, programs, brittle data schemas and fixed taxonomies

## Target State of Financial Data

- ✓ Pervasive data standards
- ✓ Data precision, clarity, consistency
- ✓ Data alignment and linkage
- ✓ Data integration despite silos
- ✓ Flexible and intelligent data schemas and dynamic classifications

***How can we supplement our existing investments in data management to resolve these challenges and achieve these goals?***

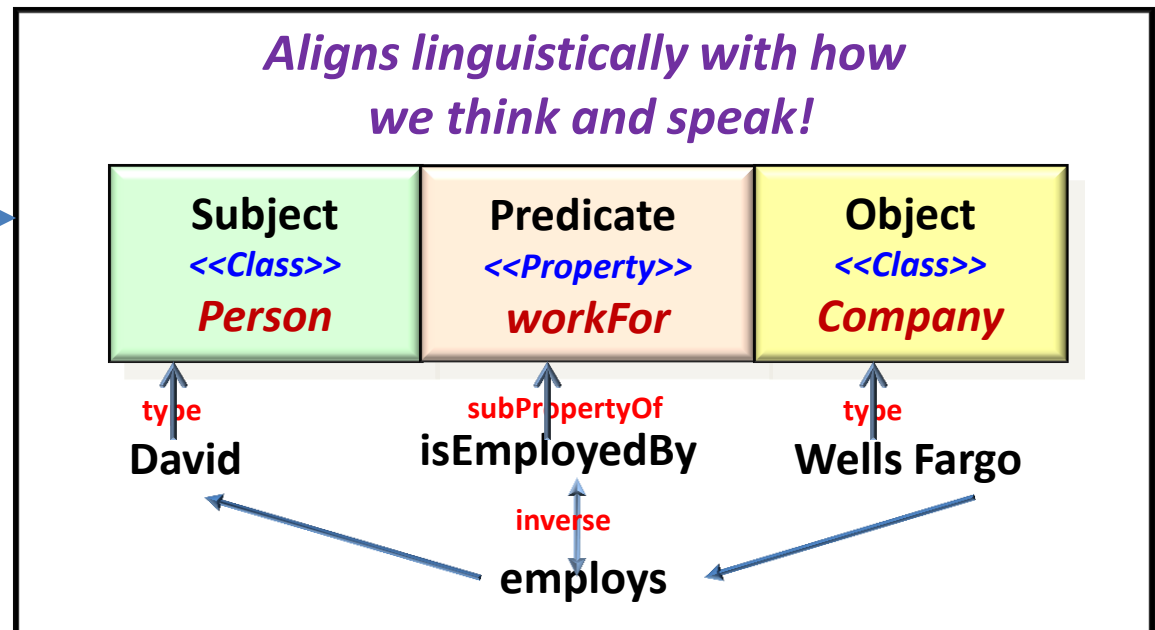
# Financial Industry Business Ontology (FIBO)



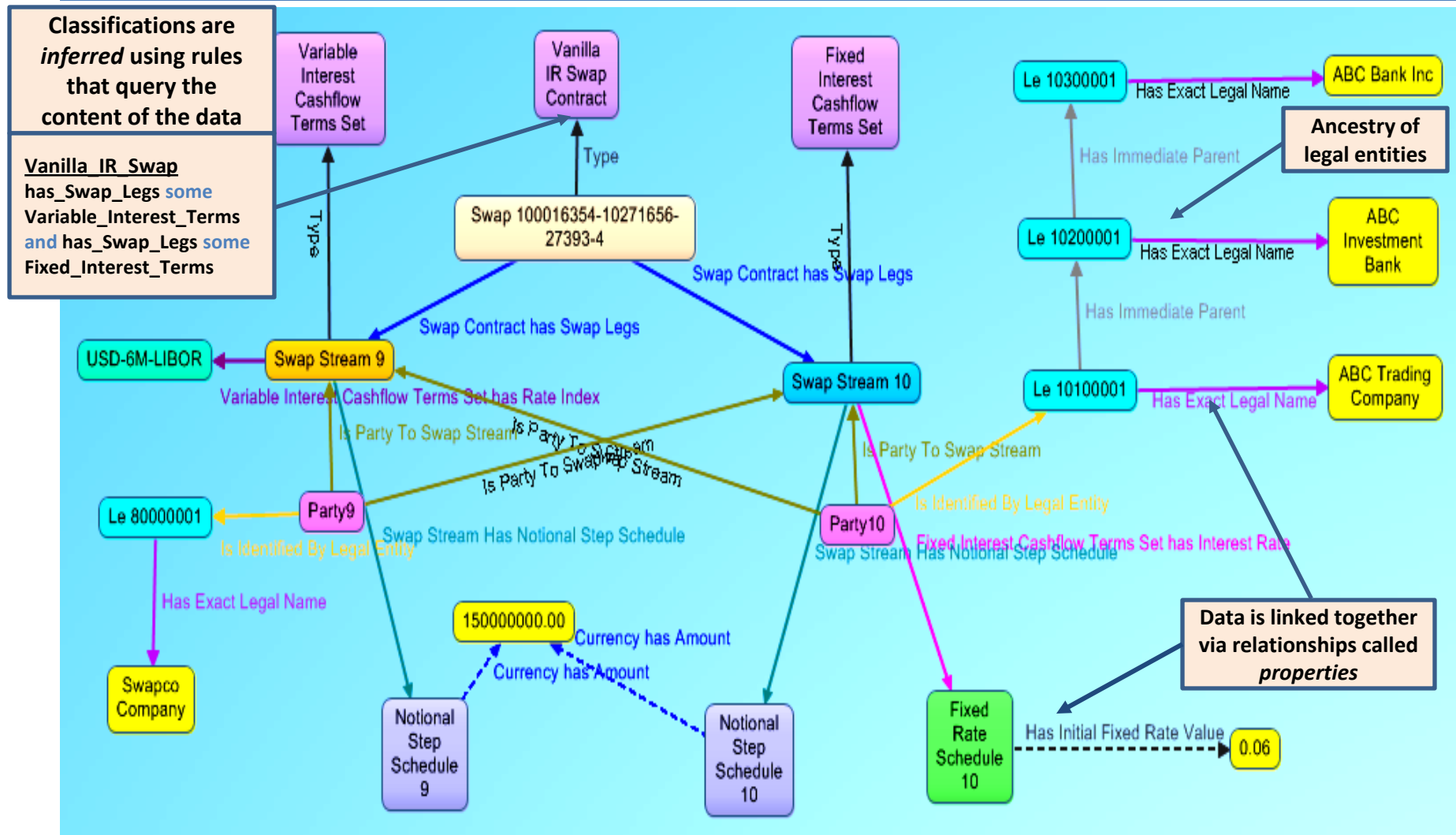
- Industry initiative to extend financial industry data standards using semantic web principles for heightened data expressivity, consistency, linkage and rollups
- Semantics is synergistic, complementary and additive to existing data standards and technology investments in data management

# What is Semantic Technology?

- ✓ *A data management technology for the 21<sup>st</sup> century that provides:*
  - ✓ *a layer of intelligence over disparate data structures that is used*
  - ✓ *to precisely express the meanings, concepts, and relationships implied by the data*
  - ✓ *in ways that both humans and machines can understand*
  - ✓ *in order to maximize data organization, integration and classification*



Semantics can operationally *classify*  
differentiated swaps and show *relationships*





# Invitation to Financial Regulators, Market Authorities and the Financial Industry

- **Make the language of financial transactions, instruments and contracts semantically precise and comparable.**
  - ✓ Regulators and financial institutions can benefit by formally joining forces to adopt semantic standards for financial risk management
- **Demonstrate the practical use of the Financial Industry Business Ontology (FIBO).**
  - ✓ A public/private partnership can be created to extend the existing semantics proof-of-concept for derivatives into a reference benchmark on how to broadly implement the FIBO standard
- **Align the semantics standard with global governance.**
  - ✓ Take advantage of the Financial Stability Board's governance work by extending it to also cover the objective of semantic standardization

